(F-A)

Previous references.

S.R. 171-06: 851-6. B. aug 07 1907-08

(Sep. Rev.)

Later references.

File No. 152-07

Serial Nos. 1-6.

GENERAL AND REVENUE SECRETARIAT.

Serial Nos. 1-6.

Part B. for april 09.

SUBJECT.

Improvement in the retail vend of arrack in the Kolar Gold Fields.

1. From the F.A. Resident. D.O. No 235 d. 11-1-08 Requests to be informed in due course what improvements have been effected in the present system of the retail vend of arracks in the K.G.F.
2. To the Excise Com^r. No. 71. 3608 d. 22.1.08. Forwards an extract of Sl 1 and requests him to inform at an early date, the improvements that have been effected in the retail vend of arrack in the K.G.F.
3. From the F.A. Resident No. 2647 d. 16-5-08 with reference to para 20 of the Excise administration ~~G.R.S. 58~~ Report for 06-7, invites attention to para 10 of the previous year's report ~~of the K.G.F's vendors~~ and suggests whether it is possible in respect of

vendors of arrack, to insert a condition in the licenses for shops that the holder thereof will not take up any other Contract or have any interest therein during the period of his license.

4. To the Excise Commr. No H. 6258 d. 30.5.08
Enquiries with ref. to Sl 2 whether it is possible to secure licenses on K.G.F, who have no other interest in the Execution of the work on the mines.

5th. From the Excise Commr. No. 8769 d. 26.3.09.
Reports on the points raised in Sl(4)

6. To J.B. Copeland Esq. D.O. No 29 d. 29.4.09.
Explains how it is not feasible to insist on the licensees of arrack shops in the K.G.F not having any interest in any other Contract, and what steps are being taken to effect improvements re. the retail vend of arrack in the Fields.

G. R. S. 12]
General and Revenue Secretariat.

S/R File No. 152 of 1907

Serial No.	
	accordingly for a file Issue 21.5.08 21/1 Issue 21.1.8
2.	To the Excise Commissioner. No. Fl 3608 dated 22d. January 1908. Forwards an extract of sl 1, and requests him to inform at an early date, the improvements that have been effected in the retail vend of arrack in the Kolar Gold Fields.
3.	From the First Asstt. Resident. No. 2647 dated 16.5.08. With reference to para 20 of the Excise Administration Report for 1906-7, invites attention to para 10 of the previous year's report and suggests whether it is possible in respect of the Kolar Gold Fields Vendors of Arrack to insert a condition in the license for shops that the holder thereof will not take up any other contract or have any interest therein during the period of his license. The opinion of the Head of the Depte may be obtained. Put up for approval of the Secy. K.S. 23/5/08 23.5.08 Submitted for perusal before issue PTO.

NOTE—Contn sheet.

6966
25-5-08.

GTB—50,000—17-3-07

G. R. S. 12]
General and Revenue Secretariat.

S. R File No. 52 of 1907-8

4

Serial No.

This draft is in reply to two Residency Communications both of which were awaiting reply. In one of them it was suggested that a Condition may be inserted in Each arack license that the licensee should not take up any other work on the mines. Mr Sparkes reports that the Suggestion is unpracticable, as it would be impossible to prevent them from Secretly bidding through friends or relatives. The Deputy Comm^r is of the same opinion.

The other letter (of the Res^y) related to the effected improvements in the retail vend of arack in Kolar Gold Fields. The draft put up is based on Mr Sparkes's account of them.

(1) (2)

It is not necessary to incorporate fully in the draft Mr Sparkes's account of the conditions in Kly. 7, as a detailed reply has been sent to the Residency on the 16th July 09. (Please see linked file 171-06).

13/4

Secretary.

The draft may be approved.

15/4/09

Director

13/4/09

NOTE—Contn. sheet.

GPB—50,000—17-3-07

G. R. S. 12]
General and Revenue Secretariat.

S 12 File No. 152 of 1907-8.

Serial No.

Please incorporate in the draft that from enquiries made by the Dy Commr & Excise Commr, it is learnt that there is not a single instance in which the name of a Labor Contractor on the fields figures as a Liquor Contractor.

The substance of para 3 of the Excise Commrs letter of 28th March 08 with remarks about Belgaum Satara, Poona & Ahmednagar Districts may also be embodied in the draft

Agreed W.H.M. 24/4/08

A revised typed draft has been submitted incorporating the above suggestions.

22/4.

may be approved W.H.M. 23/4/08 Secretary.

W.H.M. 24/4/08

Note—Contn sheet.

Draft issued & returned 29.4.08.

G.P.B.—50,000—17-3-07

D 2472 - (1)

8th 152-07 SR (1)

To Revenue Secy Bo. Rev Pol: 928
11/1/08 Dft 7th

From No 669
8th 152-07 SR (A) SR

THE RESIDENT MYSORE

BANGALORE.

No. 235 — 7th January 1908.

Proceedings recorded with Rev Pol Dept vide Bo Cir 11/1/08

Dear Mr. Madhava Rao,

Will you kindly refer to Part II page 9 Serial 89 of the Durbar's Monthly Proceedings for August 1907 and let me know for the Resident's information, the result of the action taken for the recovery of the value of the timber removed without authority by Captain Leithbridge from certain lands granted to him for rubber cultivation.

Bo I
Put up this file with the Dft letter

dft

7c 691
S.R. 171-06 8/2/07
to Cl. Comr

With reference to part II page 53 Serial 38 of the same volume regarding the steps taken to put a stop to irregularities in the retail vend of arrack in the Kolar Gold Fields, Mr. Fraser will be glad to be informed in due course what improvements have been effected in the present system.

Yours sincerely

J. S. Fraser

V. P. Madhava Rao, Esq. C.I.E.,

Dewan of Mysore.

BS

Mr C. Subbarao, Sec to Govt Pol: Dept I told me that he has taken charge of this D.O. & submitted it to Govt for reference

Bangalore 17.1.08

G.R.S. 26]

Secret 171.

152

File No. 07

Serial No. 2

Diary No. of letter replied to 2472

No. H 3608

& 22nd June/08

General and Revenue Secretariat

(SH)

, *the* 190 .

To

The Secretary.

In continuation

of this Office letter no.

H 691 SH 171-06 & 12/8/07,

I am directed to for-

ward herewith an

extract from Mr

F. P. Dennis's letter of

the 11th January 08 and

to request the favour

of your

be informed at your

over.

Date of issue

Signed by

* Favour.

SUBJECT.

Copy communicated, if the requirements that have been, that have been effected in the return of arrivals in the gold fields.

Yours faithfully,

C.

16.1.8.

for Chief Secretary.

1.8.

H.M. Customs & Police Commr.

List of enclosures

Copied by

Examined by

MGCPB—30,000—16-2-05

From No. 866 S/18-5-08

Pol: 1640

D 22-5-08.

BANGALORE. 15-07.

~~S.R. 239-07~~

16th May 1908.

454 (3)

Dear Mr. Seetharama Rao,

The Resident has read with interest the Excise --- Administration report for 1907 forwarded with Mr. Balasundram Iyer's letter Pol. No. 834 dated 13th April 1908.

2. With reference to para 20 of the report and the remarks on the excess in Kolar of the incidence of rental over the proposed margin of licensee's profit, I am ~~directed~~ desired to say that the result appears to be due as much to the peculiar character of the Kolar Gold Fields Vendor as of the population for whom he caters. Mr. Purniaya's remarks on the subject, reproduced below, are rather instructive:-

---

x Wide para 10 of his note, a copy of which was forwarded with your D.O. letter No. 655 dated the 16th July 1907.

"The situation of the Kolar Gold Fields Vendor is unique. It is not a permanent resident population he caters for. The

The industry has drawn colonies of labourers of sorts in large numbers. In most instances, he furnishes employment to them, -- after himself taking up some works under contract from the -- Mining Captains. He becomes the general purveyor to the gang. He sells grain to them, at times, clothes. He even accommodates them with small loans. Their drink supply is his most important concern. In these circumstances what the purveyor does is to get the liquor shop in his gang colony at any price with a confidence that what he might risk and lose in one business, he will be able to make up in another branch of his business, This is simply referred to in order to show how the vendor acquires influence over the labourers and secures their attachment.

From the above extract it appears that the Vendor occupies the position of an employer of labour, who utilizes -- his liquor shop to practise dealings with his coolies on a --- "truck" system, which must encourage the demoralization as well as the impoverishment of the labourer.

3. In such circumstances, Mr. Fraser will be ~~glad~~ glad

glad to be informed whether, in view of these special conditions, it would not be possible to insert in the licenses for shops in the Kolar Gold Fields a clause ensuing that no licensee---- shall during the term of his license, have any interest in a -- contract or sub-contract for the execution of work on the mines.

Yours sincerely

J. A. Rennie

To

V. P. Madhava Rao Esq., C.I.E.,

Dewan of Mysore.

G.R.S. 26]

Gen 204

File No. 1527
Serial No 4

Diary No. of letter replied to 4521

No. H 6258
30-5-08

General and Rev. Secretariat
(S.R.)
, *the* 190 .

To
The Chief Secy

Date of issue 30 May 08
Signed by [illegible]

Sir,

In continuation of this office letter, No. H. 3608 of the 22.1.08, I am directed to forward herewith a copy of letter No. 2647 of the 16.5.08 from the First Asst Resident, ~~from the Dep Resident, making certain observations~~ in regard to the increased incidence of rental over the proposed margin of licensees profits in the Kolar gold fields, and to request you to be so good as to state whether it is feasible or necessary to enjoin on the licensees not to have any interest in any

over.

SUBJECT.

Contractor a Sub contract for the
Execution of work in the mines
during the period of their licenses

f Shareholders

(B)
Sch. 8.

K.S.
23/5/08.

List of enclosures.

Copied by

Examined by

MGCPB—20,000-19-12—04

8-3489

Office of the Excise Commissioner
in Mysore,
Bangalore, dated 26th March 1909.

8769

From

H.H.Sparkes Esquire,
Excise Commissioner in Mysore.

To

K.S.Chendrasekhara Iyer Esquire, B.A.,B.L.,
Secretary to the Government of His
Highness the Maharaja of Mysore,
General and Revenue Departments.

Sir,

Adverting to your letter No.F16258/S.R.152-07-6, dated 30th May 1908 enquiring whether it is feasible or necessary to enjoin on the licensees of arrack shops in the Kolar Gold Fields not to have any interest in any contract or sub contract for the execution of work on the mines during the period of their license I have the honor to submit herewith a copy of a letter No.C 424, dated 16th instant received from the Deputy Commissioner, Kolar District, on the subject and to state that the reasons therein given are very convincing and I am in entire accord with the opinion of the Deputy Commissioner.

2. I beg to submit that Mr.Purnaiya's remarks that the vendor takes up the liquor shops in order to acquire influence over the labourers and secure their attachment, at the best, can only be presumptive. There is not a single instance in which the name of a labourer contractor figures as a liquor contractor. Such being the case there is nothing to prevent the present system, whatever it may be, continuing even if the proposed clause is introduced. On the other hand there is every reason to believe that the bidders will make the proposed condition an excuse to reduce their bids and so cause loss in the legitimate revenue to Government, which it can ill-afford at present. At the same time it has to be remembered that the position of the bidder whoever he may be is not affected. It is, therefore, neither feasible nor necessary to enjoin on the licensees of arrack shops not to have

have any interest in any contract or sub contract for the execution of work on the mines during the period of their license.

3. It has been repeatedly represented that the conditions noticed in the Kolar Gold Fields of the rental going above the profit allowed to the vendor is not peculiar to that locality alone. The same feature is to be found in all busy centres of commerce and industry where there is a large demand for labour and good wages are earned by a floating population. The disparity is more marked where the maximum prices are fixed than where the minimum prices are prescribed. Taking into consideration the shop expences, that is, charges which are not definitely ascertain-able such as cost of transport, servant's wages, interest on capital involved, lighting and the like, the statistics of Madras or even of the Civil and Military Station of Bangalore, are not very encouraging. Only the other day the Excise Administration Report of Bombay for the year 1907-08 was received and I find that in the Districts of Belgaum, Satara, Poona and Ahmednagar where maximum selling price appears to be fixed, the vendors are shown to have been selling at a loss of 0-4-3, 0-4-0, 0-6-3 and 0-10-6 per gallon respectively.

4. As regards the Kolar Gold Fields, personally, I am of opinion that the increase in the incidence of vend rental over the recognised margin of profit is primarily due to the raising of the price per dram above the fixed rate of two annas, and secondly to short measuring and other malpractices innate to any trade and particularly to the liquor traffic. The first and foremost cause that baffles any attempt at combating with the state of things on the Fields is the existence of a strong ring or syndicate which has been taking up the whole number of shops as a group. It is very difficult to break up the combination. If the ingenuity of the Excise Department devise means to break up the combination before the auction sales and new men are introduced they try to form a combination after the sales and the new man is brought up at any cost. It is this strong combination which has enabled the forcing up of prices and dictating their own prices to the consumers who on the Fields must have their drink

drink at any cost and are prepared to pay such cost. In some years the combination has been partially broken and in others it has not been. Calculated at the rate of 0-2-4 or 0-2-6 per dram the margin of profit would meet the excess amount of the bid The result so obtained not only fully covers up the rentals now paid by the licensees but leaves such a margin of profit as to make the business a lucrative and attractive one. This naturally rises the question why not legalize the practice by fixing only the minimum prices for the Kolar Gold Fields. The answer is that we have tried it and found the prices so forced up that it led more to illicit liquor. The consumption also fell by about 30000 gallons. Here again it is the combination which is at the bottom of the mischief. Minimum prices will be effective only where there is a free play of competition between one shop-keeper and another. But where all the shops are worked by a ring the fixing of minimum prices permits the raising of the price to as high a pitch as it may be found advantageous. One result of this might even be to encourage resort to foreign liquors which is a danger that has to be averted at any cost. The time does not appear to be opportune to again try the system of minimum prices as the consumption on the Fields is on the decline for the last two years and the present seasonal condition has caused a considerabl rise in the price of food grains. However this matter is under consideration.

5. How the license holders have taken care to protect themselves against loss may not be generally known. It is not the licensee that vends in the shop. He employs one or more vendors for his shop according to the demand for liquor in such shop. These vendors are not paid but they are retained as vendors only on condition of their paying the licensee in advance at so much per gallon. This rate is usually such as to make the vendor to sell arrack at more than two annas per dram. Besides it is the vendor who has to meet the sundry other charges. In this direction all that is possible to do is being done. The vendors are heavily punished whenever they are found to commit any breach of the license conditions. A register of persons so punished is

next official year.

7. Coming next to the secondary cause of short measuring a new form of dram cup has been lately introduced into the Fields and it remains to be seen what effect it has. As regards dilution and -- illicit liquor, the already comparatively large staff on the Kolar Gold Fields has been strengthened very lately by the entertainment of an additional temporary staff consisting of one Assistant Inspect and six peons. This large staff, under the guidance of the District Excise Officer, it is hoped will be able to cope with illicit - - - practices.

3

8. The delay in the submission of this report is due to the late receipt of the report from the Deputy Commissioner of Kolar.

I have the honor to be,

Sir,

Your most obedient servant,

Excise Commissioner.

Deputy Commissioner's Office,

Kolar District.

No. C.424. Dated, Champion Reefs, 15th March 1909.

From

C. Srikantesavara Aiyar, Esq., B.A., B.L.,

Deputy Commissioner, Kolar District.

To

H. H. Sparkes, Esquire,

Excise Commissioner in Mysore .

Sir,

Adverting to your office docket No.10762, dated the 2nd June 1908, anent the high percentage of rental compared to the consumption of Arrack in the shops on the Kolar Gold Fields, I have the honor to state that though there is some force in the observation that the licensees of the shops here occupy a somewhat unique position in that they generally have other strings to their bow, amidst a large floating population to whom they cater in so many legitimate ways, there is not much pith in the remark that they, in consequence thereof, wield considerable influence over the coolies any more than elsewhere, much less any undue influence. Such disproportion noticeable in almost all the large centres of Excise revenue as may be- - gathered from the published reports would seem to indicate that the cause has more to be sought for in the nature of the traffic itself than any individual reason hitherto expounded.

2. The licensees generally employ one Vendor for each shop who has to cater for the large population of all classes, who throng around the bar in the evenings, to respond to whom even 4 or 5 men would not suffice, and under such pressing circumstances when every man wishes to get a drink as early as he can, it is possible the Vendors occasionally have recourse to short measure or other practices which the consumers do not care to notice in their eagerness to satisfy their cravings. This perhaps may be one of the reasons, but all that is possible to put down such a practice is being done, the new aluminium dram cups being also lately compulsorily introduced to minimise

such

D.O.No.29

SR 152 09
81 no .6

General & Revenue Secretariat.
Bangalore,
28th April 1909.
29

My dear Sir,

In reply to Mr. Rennie's letter No.2647 dated 16th May 1908, enquiring whether it would not be possible to insert in the licenses for arrack shops in the Kolar Gold Fields a clause ensuring that no licensee shall, during the term of his license, have any interest in a contract or sub contract for the execution of work on the Mines, I write to say that the present Excise Commissioner, Mr. Sparkes, reports (differring in this matter from Mr. Purnaiya) that there has been no instance of a labour contractor on the Mines being also a liquor contractor and that consequently there is no necessity for inserting the clause referred to.

2. At the same time, the adoption of the suggestion does not appear to the Mirbar to be feasible as it may be practically impossible to eforce it. The insertion of such a clause may lead in the vndors taking up the license secretly through an irresponsible friend, relative or even a servant and would also furnish them with a plausible excuse to reduce their bids. This should prejudice the interests of efficient Excise administration.

3. Mr.

3. Mr. Sparkes agrees with Mr. Purnaiya in thinking that the condition noticed in the Kolar Gold Fields of the rental going above the profit allowed to the vendor is not peculiar to that locality in as much as it is to be found in several other busy centres of commerce and industry where there is a large floating population. In addition to the places mentioned by Mr. Purnaiya in his report of the 29th May 1907, Mr. Sparkes cites the instances of Belgaum, Satara, Poona and Ahmednagar in the Bombay Presidency where the vendors were selling arrack in 1907 at a loss of Rs.0-4-3, 0-4-0, 0-6-3 and 0-10-6 per gallon respectively.

4. These features indeed suggest the existence of irregularities in the retail vend of arrack, and our officers on the Kolar Gold Fields have consequently been making steady efforts to effect improvements. As information on this point was required in Mr. Bennie's D.O. letter of 11th January 1908 No. 225 I note below the steps that are being taken in the matter.

(1) In M. Madhava Rao's letter No.655 dated 16th July 1907 allusion was made to the opening of two special shops for the sale of arrack in sealed bottles as supplied from the Distillery. This seems to have had a satisfactory effect in preventing to a great extent malpractices like short measuring, dilution &c., and the Durbar now intend to extend the scope of these shops by allowing in them the sale of ordinary arrack also in sealed pint and quart bottles.

(2) It is also under consideration to restore tentatively the system of minimum prices along with the two "check" shops referred to above.

(3) But the success of these measures depends largely on the success which may attend the attempts that are being made by the local Excise Officers to break up combination among licensees and to secure independent renters both for the "check" shops and the ordinary arrack shops.

(4) Another improvement has also been effected in order to prevent short-measuring. As the dram cup that was in use in the shops used to lend itself to this fraud, we have introduced a cup of a new pattern (half egg shape) calculated to minimise the facilities for short-measuring.

(5) Finally we have specially strengthened the already large staff of officials in the Kolar Gold Fields by the entertainment of an additional temporary staff mainly with a view to detect and prevent dilution and manufacture of illicit liquor.

5. But with all this is said and done, the fact will still remain that the sale of spirituous liquors is a profession (almost a traditional occupation) which vendors will not lightly abandon and to practise which they will pay heavily.

Yours Sincerely.
Sd. T. Ananda Rao.

Copeland Esq., I.C.S.,
First Assistant to the Hon'ble the Resident

Dear ~~Mr.Copeland~~ Sir,

In reply to Mr.Rennie's letter No.2647 dated 16th May 1908, enquiring whether it would not be possible to insert in the licenses for arrack shops in the Kolar Gold Fields a clause ensuring that no licensee shall, during the term of his license, have any interest in a contract or sub contract for the execution of work on the Mines. I write to say that the Present Excise Commissioner Mr.Sparkes, reports(differring in this matter from -- Mr.Purnaiya) that there has been ~~more~~ no instance of a labour contractor on the Mines being also a liquor contractor and that consequently there is no necessity for inserting the clause referred to.

2. ~~However~~ At the same time the adoption of the suggestion does not appear to the Durbar to be feasible as it ~~is~~ may be practically impossible to enforce it. The insertion of such a clause ~~would result~~ may lead in the vendors taking up the license secretly through an

an irresponsible friend, relative or even a servant and would also furnish them with a plausible excuse to reduce their bids. This should prejudice ~~Such a state of things is hardly desirable~~ ~~in~~ the interests of efficient Excise administration.

3. Mr.Sparkes agrees with Mr.Purnaiya in thinking that the condition noticed in the Kolar Gold Fields of the rental going above the profit allowed ~~for~~ to the vendor is not peculiar to that locality ~~and that~~ inasmuch as it ~~this~~ is to be found in several other busy centres of commerce and industry where there is a large floating population. In addition to the places mentioned by Mr.Purnaiya in his report of the 29th May 1907, Mr.Sparkes ~~quotes~~ cites the instances of Belgaum, Satara, Poona and Ahmednagar in the Bombay Presidency where the vendors were selling arrack in 1907 at a loss of Rs.0-4-3, 0-4-0, 0-6-3 and 0-10-6 per gallon respectively.

4. These features ~~undoubtedly point to~~ indeed suggest the existence of irregularities in the retail vend of arrack, and our officers on the -- Kolar Gold Fields have consequently been

~~strong~~ combination ~~that now exists~~ among licensees and to secure independent renters both for the "check" shops and the ordinary arrack shops. ~~It is the~~ existence of this combination or ring that has been baffling all the attempts of the Madras officers ~~our~~ officers at improvement of the retail vend of arrack in the Gold Fields. However, our officers are trying their utmost in the matter.

(4) Another improvement has also been effected in order to prevent short-measuring. As the ~~the~~ dram cup that was in use in the shops used to lend itself ~~very easily~~ to this fraud, we have ~~therefore~~ introduced a cup of a new pattern (half egg shape) ~~which it is hoped will effectively~~ Calculated to minimise the facilities ~~chances~~ for short-measuring.

(5) Finally we have specially -- strengthened the already large staff of officials in the Kolar Gold Fields by the entertainment of an additional temporary staff mainly with a view to detect and prevent dilution and manufacture of illicit liquor

(Yours sincerely)

5 But When all this is said and done, the fact will still remain that the sale of spirituous liquors ~~Broad cast shop~~ is a profession (almost a hereditary occupation) which vendors will not lightly abandon & practice which they will pay heavily for

23/1/09

H. Stokes

H. Stokes

Sd. Lindsay Dewar